

DOCKET SECTION
BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

CLASSIFICATION AND FEES FOR WEIGHT-AVERAGED
NONLETTER-SIZE BUSINESS REPLY MAIL, 1999

Docket No. MC99-2

**UNITED STATES POSTAL SERVICE NOTICE OF ERRATA TO
THE DIRECT TESTIMONY OF WITNESS LESLIE SCHENK (USPS-T-3)**
(April 26, 1999)

The United States Postal Service hereby gives notice today that it is filing errata to the direct testimony of Docket No. MC99-2 witness Leslie Schenk (USPS-T-3).

As indicated in the April 22, 1999, status report concerning negotiations in Docket No. MC99-1, some minor errata in the confidential workpaper of witness Schenk were identified during the April 20, 1999, technical conference. That status report also indicated that the errata were likely to have minor downstream ripple effects in the direct testimony of Docket No. MC99-2 witnesses Schenk (USPS-T-3), but would not affect the permanent fees proposed by Docket No. MC99-2 witness Kiefer (USPS-T-4).

Below is a list of the changes to page 13 of the narrative portion of witness Schenk's direct testimony (USPS-T-3) and a revised version of that page, reflecting those changes. Also accompanying this notice are revised Tables 3 and 4 of USPS-T-3. Changes to the tables are indicated by shading the new numbers on the revised tables.

Revised page 13 and revised Tables 3 and 4 supersede the pages originally filed with the Commission on March 10, 1999, as part of Docket No. MC99-2, USPS-T-3, and served on the parties upon notice of their intervention.

Corrections to Docket No. MC99-2, USPS-T-3, Narrative Portion

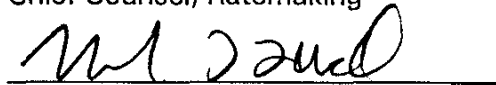
<u>Page</u>	<u>Line</u>	<u>Correction</u>
13	7	Change "\$.0054" to "\$.0055"
	8	Change "\$646.84" to "\$690.45"
	19	Change "\$.0054" to "\$.0055"
	21	Change "\$442.82" to "\$464.63"

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

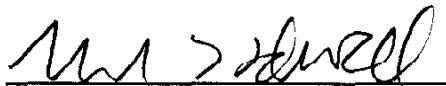
Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Michael T. Tidwell

CERTIFICATE OF SERVICE

I hereby certify that a copy of this pleading has been mailed today to each party of record in this proceeding in accordance with Rule 12 of the Commission's Rules of Practice and Procedure.



Michael T. Tidwell

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1 average of the costs at each of the three experiment sites at which costs were
2 studied.

3

4 **i. Costs under the experiment**

5 Table 3 shows the cost estimates for the weight averaging procedures as
6 designed for the experiment. As this table shows, the per-piece cost associated
7 with daily bulk weighing is \$0.0055, and the cost associated with the accounting
8 and sampling workload is \$690.45 per AP.

9 Both the per-piece and fixed AP costs are considerably lower than those
10 estimated in Docket No. MC97-1 (\$0.0151 and \$0.0104 per piece and \$2,441
11 and \$2,424 per AP respectively for the two weight averaging sites analyzed in
12 Docket No. MC97-1 (Exhibit USPS-T-2H in USPS-T-2)). The lower costs reflect
13 additional cost savings realized as a result of using a computerized system to
14 record, calculate and track data.

15

16 **ii. Costs under recommended sample size**

17 Table 4 shows the cost estimates for the weight averaging procedures as
18 proposed for the permanent nonletter-size BRM classification. As this table
19 shows, the per piece cost associated with daily bulk weighing remains \$0.0055,
20 but the cost associated with the accounting and sampling workload is reduced to
21 \$464.63 per AP.

TABLE 3:
Costs for Weight Averaging – Experiment Procedures
(20 sample sacks per sample period)

		Average across sites	Explanation
Per Piece Cost (daily weighing)	Daily Weighing (time in minutes)	69.32	[1] Cost Survey (adjusted to reflect average daily workload over data collection period)
	Average daily pieces	8,288	[2] Experiment data collection results
	Average number of pieces weighed per hour	7,303.3	[3] [2] / ([1] / 60)
	Daily hours per piece	0.00014	[4] ([1] / 60) / [2]
	Wage Rate	\$27.07	[5] R97-1, PRC-LR10, adjusted to reflect FY1999 APWU wage agreement (see text: Section IV, part D)
	Attributable cost per piece	\$0.0038	[6] [4] * [5]
	Piggyback factor	1.4624	[7] R97-1, PRC-LR10 (Chapter IV, page 2)
	Cost per piece (daily weighing)	\$0.0055	[8] [6] * [7]
Fixed Cost Per AP (billing and sampling)	Average number of pieces sampled per AP	4,838	[9] Experiment data collection results
	Daily billing time (time in minutes per day)	14.48	[10] Cost Survey
	Sampling (time in minutes per AP)	684.56	[11] Cost Survey (adjusted to reflect average daily workload over data collection period)
	Average number of pieces sampled per hour	438.4	[12] [9] / ([11]/60)
	Total time per AP for non-volume variable activities (in hours)	17.44	[13] ([10] * 25 + [11])/60
	Wage Rate	\$27.07	[14] R97-1, PRC-LR10, adjusted to reflect FY1999 APWU wage agreement (see text Section IV, part D)
	Attributable cost per AP	\$472.13	[15] [13] * [14]
	Piggyback factor	1.4624	[16] R97 1, PRC LR10 (Chapter IV, page 2)
	Fixed Cost per AP	\$690.45	[17] [15] * [16]

TABLE 4:
Costs for Weight Averaging – Recommended Procedures
(10 sample sacks per sample period)

		Average across sites	Explanation
Per Piece Cost (daily weighing)	Daily Weighing (time in minutes)	69.32	[1] Cost Survey (adjusted to reflect average daily workload over data collection period)
	Average daily pieces	8,288	[2] Experiment data collection results
	Average number of pieces weighed per hour	7,303.3	[3] [2] / ([1] / 60)
	Daily hours per piece	0.00014	[4] ([1] / 60) / [2]
	Wage Rate	\$27.07	[5] R97-1, PRC-LR10, adjusted to reflect FY1999 APWU wage agreement (see text: Section IV, part D)
	Attributable cost per piece	\$0.0038	[6] [4] * [5]
	Piggyback factor	1.4624	[7] R97-1, PRC-LR10 (Chapter IV, page 2)
	Cost per piece (daily weighing)	\$0.0055	[8] [6] * [7]
Fixed Cost Per AP (billing and sampling)	Average number of pieces sampled per AP	2,419	[9] Experiment data collection results
	Daily billing time (time in minutes per day)	14.48	[10] Cost Survey
	Sampling (time in minutes per AP)	342.28	[11] Cost Survey (adjusted to reflect average daily workload over data collection period)
	Average number of pieces sampled per hour	438.4	[12] [9] / ([11]/60)
	Total time per AP for non-volume variable activities (in hours)	11.74	[13] ([10] * 25 + [11])/60
	Wage Rate	\$27.07	[14] R97-1, PRC-LR10, adjusted to reflect FY1999 APWU wage agreement (see text Section IV, part D)
	Attributable cost per AP	\$317.71	[15] [13] * [14]
	Piggyback factor	1.4624	[16] R97-1, PRC-LR10 (Chapter IV, page 2)
	Fixed Cost per AP	\$464.63	[17] [15] * [16]